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April 25, 2008

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street S.W.  
Washington, D.C. 20554

**RE: Establishing Just and Reasonable Rates for Local Exchange  
Carriers, WC Docket No. 07-135**

Dear Ms. Dortch:

On behalf of AT&T Services, Inc. Robert W. Quinn, Hank Hultquist, Gary Phillips and the undersigned met with Chris Moore, wireline legal advisor to FCC Commissioner Deborah Tate on April 22, 2008. We explained that the access pumping problem is rapidly moving from ILECs to CLECs and that absent swift Commission action this arbitrage that undermines the policy goals of the access charge regime will continue to expand. All of the matters discussed during the meeting were consistent with AT&T's previous filings in this docket. The attached presentation served as the basis for the discussion.

Sincerely,

/s/ Brian Benison

cc: Chris Moore



**at&t**

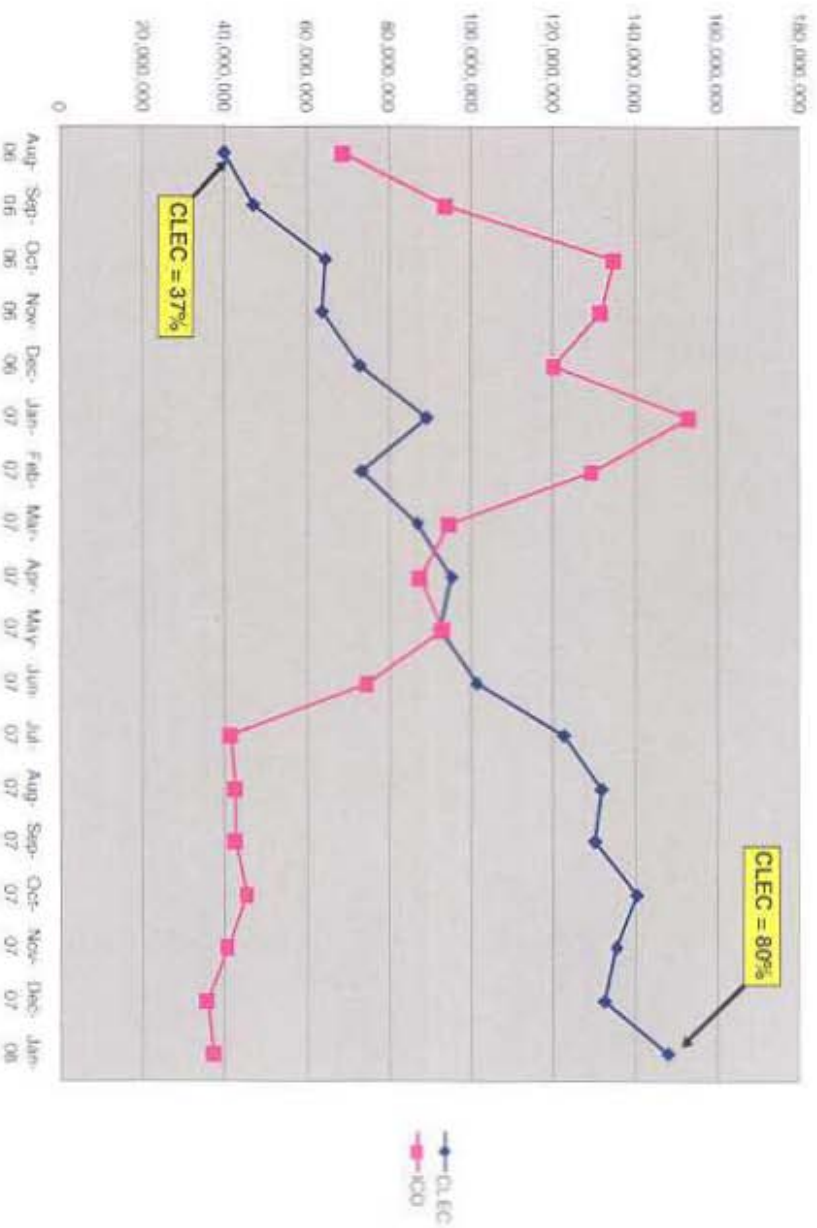
## **Access Pumping**

Rural CLEC Growth

# Overview

- Rapid Transition of traffic pumping to CLECs
- Volumes approaching peak before FCC intervention
- Solutions
  - Certifications
  - Triggers
  - Declaratory Rulings

# Access Pumping Moves to the Rural CLECs



AT&T delivered traffic

## Transition to CLECs

### AT&T Interstate MOU to Traffic Pumpers

	Jan-07	Jan-08
Top 24 CLECs	89,385,269	148,209,474
Top 29 ILECs	153,397,679	37,553,803
Total	242,782,948	185,763,277

While last year's tariff intervention by the Commission hindered traffic pumpers, the volumes continue to grow on the CLEC networks.

## Solution: Reporting and Certification

- The Commission should require ILECs filing under Rules 61.38 and 61.39 and CLECs that seek to benchmark to a rural ILEC rate or to take advantage of the rural exemption:
  - (1) to report their access traffic quarterly (and rural CLECs should also report their access lines);
  - (2) to certify upon the filing of a tariff that they will not enter into any traffic pumping arrangement (as defined below);
  - (3) to include in all tariffs a commitment to revise the tariff and reduce rates in the event traffic exceeds specified thresholds (and to make appropriate refunds to access customers injured before the reduced rates become effective).



## Solution: Refiling Triggers

ILECs:

**Category of LEC by  
Annual Minutes  
Trigger**

**Year-Over Year  
Quarterly Growth Rate**

10 million MOUs or less

100 percent

10 million MOUs to 50 million MOUs

75 percent

50 million or more MOUs

50 percent

CLECs: Monthly 2,000 access minutes per line

## Solution: Declaratory Rulings

- The Commission should issue declaratory rulings that
  - (1) any LEC revenue sharing arrangement in which the LEC becomes the net payor of the customer is an unreasonable practice under Section 201(b);
  - (2) the practice of manipulating interconnection points to artificially inflate access charges is an unreasonable practice under Section 201(b);
  - (3) no small LEC may opt into the Commission's current price cap rules absent express permission from the Commission.